

Research Briefing

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Stamp duty land tax: Current situation and developments since 2020



Summary

- 1 The current structure of stamp duty land tax
- 2 SDLT policy development since 2020
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Summary

[Stamp duty land tax \(SDLT\)](#) is a charge on the purchase of residential property (exclusively used as a dwelling) as well as the purchase of property used for commercial purposes. The property buyer is liable to pay SDLT, which is administered by HM Revenue and Customs (HMRC).

SDLT only applies to England and Northern Ireland; the equivalent in Scotland is the [land and buildings transaction tax](#), and in Wales the [land transaction tax](#).

How stamp duty land tax works

SDLT is charged on a 'slice' basis. This means that different rates apply to different portions of the overall property price. This is a similar design to that of income tax. The first 'slice' of the property price ([currently £125,000](#)) is charged at a 0% rate, meaning no SDLT is payable up to that amount. This is known as the nil-rate band (NRB).

Additional charges and reliefs available

There are [reliefs available for first-time buyers \(known as the first time buyers' relief\)](#).

Those purchasing an additional property may be liable for an [additional SDLT rate of 5%](#).

Non-residents [may also be liable to surcharges](#) on top of regular SDLT rates.

Recent changes to the main SDLT rates

- As Chancellor, Rishi Sunak introduced an SDLT relief to stimulate the housing market during the Covid-19 pandemic. This [temporary SDLT relief](#) applied between 8 July 2020 and 30 September 2021.
- In September 2022, then Chancellor Kwasi Kwarteng announced a permanent reduction to SDLT, effective 23 September. In particular, the first 'slice' of the property price charged 0% SDLT was £250,000, rather than £125,000.

- the subsequent Chancellor, Jeremy Hunt, announced that the reduction would become temporary [in the Autumn Statement](#) in November 2022. [These rates applied until 31 March 2025](#).
- The Labour government's first budget in October 2024 also included changes to SDLT rates. Chiefly, the government [increased the rates of SDLT on the purchase of additional dwellings](#) by 2 percentage points, effective 31 October 2024.

Property transaction taxes in Scotland and Wales

SDLT is a devolved tax, and only applies to property transactions in England and Northern Ireland. Scotland replaced SDLT with the [land and buildings transaction tax \(LBTT\)](#) in 2015, and Wales with the [land transaction tax \(LTT\)](#) in 2018. The two devolved taxes share most features with SDLT, but different rates and thresholds apply. Neither LBTT nor LTT have a non-resident surcharge as SDLT does, and there is no relief for first time buyers in Wales.

Current SDLT, LBTT, and LTT rates

The table below shows the current rates of SDLT, LBTT, and LTT.

SDLT, LBTT, and LTT rates on residential property			
From 1 April 2025			
Portion of property value	SDLT (England and Northern Ireland)	LBTT (Scotland)	LTT (Wales)
First £125,000	0%		
£125,001 to £145,000		0%	0%
£145,001 to £225,000	2%	2%	
£225,001 to £250,000			
£250,001 to £325,000		5%	6%
£325,001 to £400,000	5%	10%	
£400,001 to £750,000			7.5%
£750,001 to £925,000			10%
£925,001 to £1,500,000	10%	12%	
Over £1,500,000	12%		12%

Source: HMRC, [Stamp Duty Land Tax: Residential property rates](#), accessed 2 April 2025, Revenue Scotland, [Land and Buildings Transaction Tax](#), accessed 2 April 2025, Welsh Government, [Land Transaction Tax rates and bands](#), 10 December 2024

Notes: This table only shows the main rates. For example, it does not take into account any reliefs for first time buyers or additional rates for purchases of additional properties

Proposals for reform

Although SDLT reliefs were welcomed by MPs and commentators alike, – particularly during the Covid-19 pandemic – most economists say that the design of SDLT is detrimental to the housing market and to labour mobility, regardless of where the rates are set. For example, the [Institute for Fiscal Studies](#) has consistently called for the tax to be abolished. The Treasury Committee, in an [inquiry on tax after coronavirus](#) (PDF), said in its report that SDLT should be treated as a priority for reform after the pandemic.

Although most of the existing commentary focuses on SDLT in England and Northern Ireland, similar considerations also apply to LBTT in Scotland and LTT in Wales because the taxes are so similar.

1 The current structure of stamp duty land tax

1.1 What is Stamp Duty Land Tax?

Stamp duty land tax (SDLT) is a tax paid on the purchase of property or land. For brevity, this is referred throughout this briefing as ‘property’.

SDLT is charged both on residential and commercial property. This briefing specifically looks at SDLT on residential property.¹ There have not been any major changes to SDLT on commercial property since 2020. The Library briefing on [Stamp Duty Land Tax on residential property: Government policy up to 2021](#) has more detail on the historical development of the tax, both in relation to commercial and residential property.²

Since 2014, SDLT is graduated, so that more expensive properties face progressively higher tax rates. The first ‘slice’ of the overall value of a property is usually taxed at 0%; this is known as the nil-rate band, or NRB. The current design of SDLT rates is similar, for instance, to that of income tax.

SDLT is administered by His Majesty’s Revenue and Customs (HMRC).

1.2 Who pays SDLT?

The purchaser of the property is liable to pay SDLT.³

1.3 How much does SDLT raise?

SDLT on residential property raised £8.6 billion in 2023/24.⁴ The Office for Budget Responsibility (OBR) most recently forecast income from SDLT in

¹ UK Government, [Stamp Duty Land Tax](#), accessed 3 April 2025

² Commons Library Briefing CBP-7050, [Stamp duty land tax on residential property: Government policy up to 2021](#)

³ As above

⁴ OBR, [March 2025 Economic and fiscal outlook – detailed forecast tables: receipts \(Table 3.7\)](#), March 2025

March 2025. They forecast SDLT income to be £10.1 billion in 2024/25, rising to £19.3 billion in 2029/30.⁵

1.4 Where does SDLT apply?

SDLT applies to England and Northern Ireland only. There are separate property transaction taxes in Scotland (the land and buildings transaction tax) and Wales (the land transaction tax). The taxes in Scotland and Wales are discussed in sections 4 and 5 of this briefing.

1.5 What legislation applies to SDLT?

The main provisions for SDLT are consolidated in Part 4 of the Finance Act 2003, as amended.⁶

1.6 What are the current SDLT rates?

The current SDLT rates on residential property are set out in the table below.

SDLT on residential property	
From 1 April 2025	
Portion of property value	SDLT rate
First £125,000	0%
£125,001 to £250,000	2%
£250,001 to £925,000 (the next £675,000)	5%
£925,001 to £1,500,000 (the next £575,000)	10%
Over £1,500,000	12%

Source: HMRC, [Stamp Duty Land Tax: Residential property rates](#), accessed 2 April 2025

Notes: This table only shows the main rates. For example, it does not take into account any reliefs for first time buyers or additional rates for purchases of additional properties

⁵ OBR, [March 2025 Economic and fiscal outlook – detailed forecast tables: receipts \(Table 3.7\)](#), March 2025

⁶ [Finance Act 2003, pt4](#)

1.7

Does SDLT apply in the same way to all residential properties?

The price of the property is only one factor affecting the overall SDLT charge an individual might incur. Differential rates apply depending on the circumstances of the buyer.

The first time buyers' relief (FTBR)

For people purchasing their first home, a first time buyers' relief (FTBR) applies. FTBR means that first-time buyers pay no SDLT on properties up to £300,000 and pay 5% on the portion of the property price between £300,001 and £500,000. If the overall price of the property exceeds £500,000, no relief applies.⁷

The higher rate on additional dwellings (HRAD)

People purchasing an additional property (such as a second home or a buy-to-let property) may incur an additional charge. This is called the higher rate on additional dwellings (HRAD). This includes the nil-rate band, which is charged at 5% of the price of the property for the purchase of additional dwellings. These rules apply to both spouses and civil partners as if they are purchasing the property together, even if they are not.⁸

People can apply for a refund if they temporarily own two properties because they are replacing their main residence but have not been able to sell their former main residence yet.⁹ If someone purchases an additional residence but sells or gives away their previous main home within three years of purchasing the new one, they can apply to HMRC for a refund on the higher rate.¹⁰

Until 30 October 2024, the higher rate on additional dwellings was set at 3%. The Labour government increased HRAD to 5%, effective 31 October 2024.¹¹ This policy decision is discussed further in section 2.6 of this briefing.

The non-resident surcharge

Individuals not classed as UK residents may have to pay a 2% surcharge on the price of the property when they purchase residential property. This includes the nil-rate band, which is charged at 2% for purchases by non-UK residents. An individual is classed as a UK resident if they are present in the UK for at least 183 days during the 12 months before the purchase. A refund on this surcharge is available if the individual has been in the UK for at least 183

⁷ HMRC, [Stamp Duty Land Tax: Residential property rates](#), accessed 2 April 2025

⁸ HMRC, [Higher rates of Stamp Duty Land Tax](#), updated 11 November 2022 (accessed 7 June 2023)

⁹ Further guidance is available at the HMRC webpage on [Higher rates of Stamp Duty Land Tax](#)

¹⁰ As above

¹¹ HM Treasury, [Autumn Budget 2024](#) (PDF), HC 295, October 2024, para 2.58, p49

days during any continuous 365-day period in the two-year period beginning 364 days before the date of the transaction and ending 365 days after the transaction.¹²

Box 1 shows the SDLT charge on a transaction of a property worth £450,000, where the buyer is purchasing a home for the first time. Box 2 shows the SDLT charge on a home worth £700,000, where the house is an additional property. Lastly, Box 3 shows the SDLT charge on a property worth £1 million, where the home is an additional property and the buyer is not a UK resident.

1 SDLT on a property worth £450,000 (first-time buyer)

Ariel is buying her first home. She is purchasing a house worth £450,000 in England. Because this is her first home, she is eligible for FTBR.

Because of the higher nil-rate band for first time buyers' relief, she will pay no SDLT on the first £300,000 of the total price. Her SDLT charge is as follows:

- 0% SDLT on the first £300,000 of the property
- 5% SDLT on the remaining £150,000 = £7,500

Therefore, Ariel's total SDLT charge is £7,500.

2 SDLT on a property worth £700,000 (additional home)

Mo owns a home in the UK. They decide to buy an additional property as a holiday home.

Because they are buying an additional property, and are not replacing their main home, Mo will be liable for the regular SDLT rates, plus the 5% HRAD charge. Their SDLT bill is:

- 0% SDLT on the first £125,000 of the property = £0
- 2% SDLT on the next £125,000 = £2,500
- 5% SDLT on the remaining £450,000 = £22,500
- 5% of £700,000 (the HRAD charge) = £35,000

Therefore, Mo's total SDLT charge is £60,000.

¹² HMRC, [Rates of Stamp Duty Land Tax for non-UK residents](#), updated 1 April 2025

3 SDLT on a property worth £1 million

Ronnie buys a house worth £1 million, in England. The transaction date is 2 April 2025. He is not classed as a UK resident. This is the second property he is purchasing, and he does not intend to sell his other property.

Therefore, he will be liable to pay the Higher Rate on Additional Dwellings and the non-resident surcharge on top of regular Stamp Duty Land Tax rates.

Therefore, he pays:

- 0% SDLT on the first £125,000 of the property = £0
- 2% SDLT on the next £125,000 = £2,500
- 5% SDLT on the next £675,000 = £33,750
- 10% SDLT on the remaining £75,000 = £7,500
- 5% of £1 million (the HRAD charge) = £50,000
- 2% of £1 million (the non-resident surcharge) = £20,000

Therefore, Ronnie's total SDLT charge is £113,750. If, between 3 April 2024 and 2 April 2025 (a continuous 364-day period), Ronnie is present in the UK for at least 183 days, he will be able to claim a refund on the 2% non-resident surcharge (£20,000).

The government has published a [Stamp Duty calculator](#) which people can use to calculate how much SDLT they would have to pay on a property purchase.¹³

1.8 Further reading

The Library briefing on [Stamp Duty Land Tax on residential property: Government policy up to 2021](#) has more detail on the history and early development of SDLT, particularly since 2014.¹⁴

¹³ UK Government, [Calculate Stamp Duty Land Tax \(SDLT\)](#), accessed on 18 November 2024

¹⁴ Commons Library Briefing CBP-7050, [Stamp duty land tax on residential property: Government policy up to 2021](#)

2 SDLT policy development since 2020

2.1 Covid-19 and the Plan for Jobs

The Covid-19 pandemic caused a significant reduction in activity in the housing market.¹⁵

In this context, then Chancellor Rishi Sunak delivered a statement on 8 July 2020 to update the House of Commons on the state of the economy.¹⁶ In order to support the housing market to rebound from pandemic pressures, he increased the SDLT nil-rate band from £125,000 to £500,000. The measure took effect immediately, after the House agreed to a Provisional Collection of Taxes Motion.¹⁷ More information about this can be found in Box 4 below.

4 Provisional collection of taxes

Recently, many changes in Stamp Duty Land Tax have taken place with immediate effect (that is, on the same day as the announcement of the measure in the Commons). This is possible due to the existence of [the Provisional Collection of Taxes Act 1968](#). If the House of Commons approves a Provisional Collection of Taxes Motion, the Act allows the government to collect money even before the relevant bill has received Royal Assent. This power is only temporary, and permanent statutory effect can only be given by an Act of Parliament.¹⁸

Changes to taxes such as SDLT are often implemented immediately after an announcement to avoid unintended effects on consumers' behaviour. For instance, if a Chancellor announced a permanent reduction in SDLT, but decided to implement it many months later, it is likely that many prospective house buyers would hold off purchasing a house to capitalise on the tax saving. This in turn would risk a significant, unintended slowdown in housing market activity.

Increases to excise duties such as tobacco duty also tend to be implemented immediately. This is to avoid consumers using the advance notice of the tax

¹⁵ HC Deb [8 July 2020](#), cc976-977

¹⁶ HC Deb [8 July 2020](#), cc973-978

¹⁷ As above, cc1016-1017

¹⁸ UK Parliament, [Frskine May: Provisional collection of taxes](#), accessed on 18 November 2024, para 36.36. See also chapter 1 of the Library briefing on [the Budget and the annual Finance Bill](#) for further information on this.

increase to bulk-purchase products (such as cigarettes) before the tax increase is implemented.

The table below shows the change in SDLT after Mr Sunak's statement.

SDLT on residential property		
Before 8 July 2020 and between 8 July 2020 and 30 June 2021		
Portion of property price	SDLT rate	
	Before 8 July 2020	8 July 2020 to 30 June 2021
First £125,000	0%	0%
£125,001 to £250,000	2%	0%
£250,001 to £500,000	5%	0%
£500,001 to £925,000	5%	5%
£925,001 to £1,500,000	10%	10%
Over £1,500,000	12%	12%

Source: HMRC, [Stamp Duty Land Tax rates: 8 July 2020 to 30 June 2021](#), 1 April 2025

The Stamp Duty Land Tax (Temporary Relief) Act 2020

Permanent statutory power to Rishi Sunak's announcement was given via the Stamp Duty Land Tax (Temporary Relief) Act 2020 (introduced as the Stamp Duty Land Tax (Temporary Relief) Bill 2019-21).¹⁹

All the Commons stages of the bill took place on 13 July 2020.²⁰ The bill received Royal Assent on 22 July 2020.²¹

The act made provisions for the temporary relief to end on 31 March 2021, after which the rates would return to their former levels.

In November 2020, the Office for Budget Responsibility (OBR) estimated that the increase in the nil-rate band would cost the government £3.3 billion.²² By comparison, the cut to VAT for the hospitality sector was estimated to cost £2.5 billion, and the Eat Out to Help Out scheme had cost £800 million between 3 and 31 August 2020.²³ These schemes were announced at the same time as the SDLT relief.

¹⁹ [Stamp Duty Land Tax \(Temporary Relief\) Act 2020](#)

²⁰ HC Deb [13 July 2020](#), cc1291-1342

²¹ UK Parliament, [Stamp Duty Land Tax \(Temporary Relief\) Act 2020: Stages](#)

²² OBR, [Economic and Fiscal Outlook: November 2020](#) (PDF), November 2020, Table A.3, p178

²³ OBR, [Economic and Fiscal Outlook: November 2020](#) (PDF), November 2020, Table A.3, p178. For further information on the VAT relief on hospitality, see the Library briefing on [VAT on tourism](#), and the Library briefing on the [Eat Out to Help Out Scheme](#) for information on that.

2.2 Budget 2021

Then Chancellor Rishi Sunak held his following Budget on 3 March 2021. As part of that, he announced an extension of the SDLT temporary relief to 30 June 2021. He also announced a transitional nil-rate band between July and September 2021, set at £250,000, to “smooth the transition back to normal.” The rates are set out below for comparison.

Portion of property price	SDLT rate		
	Before 8 July 2020	8 July 2020 to 30 June 2021	1 July to 30 September 2021
First £125,000	0%	0%	0%
£125,001 to £250,000	2%	0%	0%
£250,001 to £500,000	5%	0%	5%
£500,001 to £925,000	5%	5%	5%
£925,001 to £1,500,000	10%	10%	10%
Over £1,500,000	12%	12%	12%

Source: HMRC, [Stamp Duty Land Tax rates from 1 December 2003 to 30 October 2024](#), updated 1 April 2025

The OBR estimated that the extension of the relief would cost the government £1.5 billion by the end of 2021/22.²⁴

Provision for the extension was made in section 87 of the Finance Act 2021.²⁵

No further amendments were made to the temporary relief. On 1 October 2021, SDLT returned to the pre-8 July rates.

2.3 September 2022: The Growth Plan

As part of then Prime Minister Liz Truss’s ‘Growth Plan’, then Chancellor Kwasi Kwarteng delivered a statement to the Commons on 23 September 2022. During the statement, he announced a permanent reduction to SDLT, stating that the nil-rate band would permanently increase to £250,000.²⁶ The rates and thresholds before and after the announcement are set out below.

²⁴ OBR, [Economic and Fiscal Outlook: March 2021](#) (PDF), p115

²⁵ [Finance Act 2021, s87](#)

²⁶ HC Deb [23 September 2022](#), c938

SDLT on residential property

From 23 September 2022 to 31 March 2025

Portion of property price	SDLT rate
First £250,000	0%
£250,001 to £925,000 (the next £675,000)	5%
£925,001 to £1,500,000 (the next £575,000)	10%
Over £1,500,000	12%

Source: HMRC, [Stamp Duty Land Tax rates: 1 October 2021 to 22 September 2022](#), 1 April 2025

These rates were the same as those introduced by former Chancellor Rishi Sunak between 1 July and 30 September 2021.

Kwasi Kwarteng also announced a permanent increase of the first time buyers' relief (FTBR):

- The NRB for first-time buyers increased from £300,000 to £425,000
- The maximum amount first-time buyers could buy a house for and be eligible for FTBR increased from £500,000 to £625,000.²⁷

The changes took effect immediately after the House approved a Provisional Collection of Taxes motion.²⁸

2.4

October 2022 and the 2022 Autumn Statement

Jeremy Hunt succeeded Kwasi Kwarteng as Chancellor on 14 October 2022.²⁹ On 17 October, he announced to the Commons that the SDLT reduction would not be reversed. Therefore, the government would still introduce a bill to give permanent legal power to the changes provisionally introduced on 23 September.³⁰

The second reading of the bill took place on 24 October 2022.³¹

²⁷ HC Deb [23 September 2022](#), c938

²⁸ As above, cc977-978

²⁹ Prime Minister's Office, 10 Downing Street, [Ministerial appointments: 14 October 2022](#), 14 October 2022

³⁰ HC Deb [17 October 2022](#), c395

³¹ HC Deb [24 October 2022](#), cc89-102

Autumn Statement 2022

In the 2022 Autumn Statement, the then Chancellor, Jeremy Hunt, announced that the government would make the changes introduced by his predecessor temporary. Therefore, the government would table amendments to the bill prior to committee stage, to end all aspects of the relief on 31 March 2025.³²

The permanent reduction, therefore, became a temporary relief, which was reflected in an amendment seeking to change the title of the bill to ‘Stamp Duty Land Tax (Temporary Relief) Bill 2022-23’.³³

The bill became an act after receiving Royal Assent on 8 February 2023. The Library briefing on the [Stamp Duty Land Tax \(Temporary Relief\) Act 2023](#) has more detail on this.³⁴

2.5

Spring Budget 2024

Then Chancellor Jeremy Hunt presented the Budget on 6 March 2024. The budget contained three measures regarding SDLT:

- A technical change to SDLT legislation ensuring purchases of social housing by registered providers or public bodies are never liable to the 15% higher rate charge. This amends what HMRC has called ‘out-of-date legislation.’³⁵ This provision is set out in section 9 of the Finance (No. 2) Act 2024.³⁶ The Treasury estimates this will cost the government £5 million per year.³⁷
- A technical change to legislation allowing individuals buying property to be able to claim the first-time buyers’ relief if they buy the lease via a nominee or bare trust. Since this was not available before, “victims of domestic abuse who wish to use such arrangements to prevent former partners from finding the new address were unable to claim relief.”³⁸ This provision is set out in section 8 of the Finance (No. 2) Act 2024.³⁹ HMRC has estimated the cost of this to be negligible.⁴⁰
- The abolition, following an evaluation exercise, of the multiple dwellings relief (MDR), which allowed buyers of more than one dwelling to pay

³² HM Treasury, [Autumn Statement 2022](#), November 2022, p50

³³ House of Commons, [Stamp Duty Land Tax \(Reduction\) Bill \(Amendment Paper\)](#) (PDF), 10 January 2023

³⁴ Commons Library Briefing CBP-9698, [Stamp Duty Land Tax \(Temporary Relief\) Act 2023](#)

³⁵ HMRC, [Stamp Duty Land Tax – acquisitions by registered social landlords and public bodies](#), 6 March 2024

³⁶ [Finance \(No. 2\) Act 2024](#), s9

³⁷ HM Treasury, [Spring Budget 2024 – Policy costings](#) (PDF), March 2024, p35

³⁸ HMRC, [SDLT – First-time buyers’ relief: leases and nominees](#), 6 March 2024

³⁹ [Finance \(No. 2\) Act 2024](#), s8

⁴⁰ HMRC, [Stamp Duty Land Tax – First-time Buyers’ Relief: leases and nominees](#), 6 March 2024

SDLT on the mean value of those properties.⁴¹ This is set out in section 7 of the Finance (No. 2) Act 2024.⁴²

The abolition of the MDR is discussed in further detail in the section below.

The multiple dwellings relief

What does the relief do?

MDR was introduced at Budget 2011. The Budget document explained the operation of the relief:

[...] the rate of SDLT and purchase of multiple residential properties will be determined by the mean value of the dwellings purchased (subject to a minimum rate of 1%), rather than the aggregate value as is currently the case.⁴³

The legislation setting out the MDR is Section 58D and Schedule 6B of the Finance Act 2003, as amended.⁴⁴

How much did the relief cost?

Data released by HMRC in December 2024 showed that MDR cost the government £610 million in 2023/24. Between 2018/19 and 2022/23, the government spent £3.6 billion on this relief. In the same period, just under 50,000 claimants claimed this relief.⁴⁵

The abolition

At Spring Budget 2024, then Chancellor Jeremy Hunt said that an external evaluation had showed there was no strong evidence that MDR was supporting investment in the private rented sector, which was a key objective of the policy.⁴⁶ The then Chancellor also added that there was evidence that MDR was being regularly abused: he therefore announced the government would abolish it.⁴⁷

The Budget report added that the government would “engage with the agricultural industry” to assess any specific impacts the proposal may have on the sector.⁴⁸

⁴¹ HMRC, [Stamp Duty Land Tax: Abolition of Multiple Dwellings Relief from 1 June 2024](#), 6 March 2024

⁴² [Finance \(No. 2\) Act 2024](#), s7

⁴³ HM Treasury, [Budget 2011](#) (PDF), para 2.155, p65

⁴⁴ [Finance Act 2003](#), as amended, s58D and sch6B

⁴⁵ HMRC, [Structural tax reliefs](#), 7 December 2023 – see the Excel spreadsheet “estimated cost of structural tax reliefs (December 2023)

⁴⁶ HC Deb [6 March 2024](#), c849

⁴⁷ HC Deb [6 March 2024](#), c849

⁴⁸ HM Treasury, [Spring Budget 2024](#) (PDF), March 2024, para 5.68, p75

The evaluation referenced by the then Chancellor was commissioned by HMRC and conducted externally. The full results of the evaluation can be found on the [dedicated HMRC webpage](#).⁴⁹

The government estimated the policy would raise £70 million in 2023/24, rising to £385 million in 2028/29.⁵⁰

Under the terms of section 7 of the Finance (No. 2) Act 2024, the relief was abolished effective 1 June 2024.⁵¹

Reaction

There was no discussion of the proposal to abolish the relief in the speeches following the Budget, and it was not addressed by any of the main parties.⁵²

The reaction from media outlets and industry professionals was more substantial.

Law firm Pinsent Masons published an article on the upcoming changes and reported tax expert Jamie Robson expressing disappointment at the reform. Another tax expert at the firm, Andrew McCarthy, added that it seemed “short-sighted” to withdraw the relief because of perceived avoidance.⁵³

The firm KPMG also commented on the upcoming change and analysed its effect on different demographics of buyers. Overall, they argued that some categories of buyers (such as “institutional investors in pure private rented sector”) would not be affected by the change because the owners tend to be overseas entities. On the other hand, they argued the loss of the relief would significantly impact “smaller, SDLT resident investors [in the private rented sector]” since they could face a SDLT charge of up to 15% without MDR.⁵⁴ Law firm Winckworth Sherwood added that, since research had shown that individual purchasers usually had little understanding of MDR, and regarded it as an “unexpected benefit”, it may be that the impact on the transactions of this sort would be relatively limited.⁵⁵ On the other hand, the law firm added that larger investors in the private-rented sector and build-to-rent sector would be affected more:

it is difficult to see how this decision will not jeopardise the viability of a least some [private-rented sector/build-to-rent] projects and transactions, and is

⁴⁹ HMRC, [Stamp Duty Land Tax Relief Multiple Dwellings evaluation](#), 6 March 2024; see also HMRC, [Stamp Duty Land Tax: Mixed-Property Purchases and Multiple Dwellings Relief – summary of responses](#), 6 March 2024

⁵⁰ HM Treasury, [Spring Budget 2024 – Policy costings](#) (PDF), 6 March 2024, p23

⁵¹ [Finance \(No. 2\) Act 2024, section 7](#)

⁵² HC Deb [6 March 2024](#), cc856-932

⁵³ Pinsent Masons, [UK Budget 2024: abolition of multiple dwellings relief among residential property tax changes](#), 6 March 2024

⁵⁴ KPMG, [Budget: SDLT Multiple Dwellings Relief abolished](#), 11 March 2024

⁵⁵ Winckworth Sherwood, [Spring Budget 2024: Abolition of Multiple Dwellings Relief](#), 7 March 2024

hard to square this with the well-publicised supply problems in the housing market and the Government’s commitment to remedying this.⁵⁶

Media coverage of the announced reform also expressed concerns at the proposal. FT Adviser quoted Matthew Todd, an associate director at accountancy firm RSM UK, saying that although it would definitely achieve the objective of avoiding abusive claims to the relief, “that news will not be well received by property investors.”⁵⁷

Industry publication Property Week quoted the chief executive of the British Property Federation arguing that the build-to-rent sector would be disadvantaged when investment in the rental market should be encouraged.⁵⁸ The article also quoted Henry Moss, a partner at law firm Ashurst, saying that the proposals would be an “unexpected blow” to investment in the build-to-rent market.⁵⁹

Architectural news website Building Design said that the housing sector had reacted negatively to the proposed abolition of the relief. They reported property firm Savills as arguing that the abolition of MDR, coupled with a separate announcement reducing the rate of capital gains paid on second-home sales could lead to some landlords leaving the sector.⁶⁰

The Telegraph called the measure a “stamp duty crackdown that risks setting back homebuyers by tens of thousands of pounds.”⁶¹ The paper quoted Roger Holman, from the accountancy firm Blick Rothenberg, saying that families who wanted to move in together would be negatively affected by these changes. He termed the proposal as a “granny annexe tax” – as homes with an annexe could be liable for the higher rate, since the annexe can count as a separate property for SDLT purposes.⁶² This claim was based on a calculation where someone purchasing a property with an annexe that cost £2 million, which would incur over £68,000 in additional SDLT because of the changes.⁶³

2.6

Autumn Budget 2024

Chancellor Rachel Reeves presented the Autumn Budget on 30 October 2024. This was the Labour government’s first budget following the July 2024 general election. The Budget report included two announcements relating to SDLT:

- An increase in the higher rate for additional dwellings from 3% to 5%

⁵⁶ Winckworth Sherwood, [Spring Budget 2024: Abolition of Multiple Dwellings Relief](#), 7 March 2024

⁵⁷ “[Budget 2024: Chancellor abolishes multiple dwellings SDLT relief](#)”, FT Adviser, 6 March 2024

⁵⁸ “Spring Budget: abolition of multiple dwellings stamp duty relief to hit BTR sector [accessed via Nexis News]”, 6 March 2024

⁵⁹ As above

⁶⁰ “[Housing sector sounds alarm of the bill to rent tax hike](#)”, Building Design, 7 March 2024

⁶¹ “[Hunt imposes ‘granny annexe tax’ in Budget stamp duty crackdown](#)”, The Telegraph, 6 March 2024

⁶² As above

⁶³ As above

- An increase in the single SDLT rate for purchases of dwellings costing over £500,000 when purchased by corporate bodies, from 15% to 17%⁶⁴

Provision for these proposals is made in sections 50-53 of the [Finance Act 2025](#).

Reaction

The commentary on this topic mainly surrounded the increases in HRAD and the upcoming end of the temporary relief.

Reaction to the proposed increases to the HRAD

There was limited reaction in the Commons to this announcement. Reaction to the Budget focussed mainly on other announcements, such as the increase in employer national insurance contributions, changes to the inheritance tax relief on agricultural property, or the introduction of VAT on private school fees. Broadly speaking, Conservative MPs were more likely to oppose the proposed changes to the HRAD. Members also raised a different issue, the upcoming end of the temporary relief period, which is discussed further below.

Media reaction also reported concerns from stakeholders over these changes. For example, the National Residential Landlords Association said the supply of homes in the rental market would be affected by the increase in HRAD.⁶⁵

In a separate article, City AM also reported that a landlord survey conducted by estate agent Benham and Reeves showed the announced change to HRAD had “no immediate impact on [investors’] plans.”⁶⁶ The director of the Renters’ Reform Coalition, Tom Darling, welcomed the announcement, saying it was right that first-time buyers were supported by the tax system over those purchasing additional homes as investments.⁶⁷

The Times argued that increasing SDLT was not a preferable policy choice:

Where the budget does tax property more, it does so in the worst way by raising stamp duty on second homes, a choice that is far inferior to the alternative of sorting out council tax.⁶⁸

⁶⁴ HM Treasury, [Autumn Budget 2024](#) (PDF), HC 295, October 2024, para 5.75, pp130-131

⁶⁵ “[Landlords warn over rental supply](#)”, Financial Times [via Factiva], 31 October 2024; see also comment by Richard Davies, Managing Director of London estate agency Chestertons, in “[What Rachel Reeves’ Budget really means for the housing market](#)”, Independent, 31 October 2024 and “[Landlord stamp duty increase ‘is a nail in coffin’ for buy-to-let](#)”, Daily Mail [via Factiva], 31 October 2024

⁶⁶ “[Stamp duty hike: a ‘bitter but manageable pill to swallow’ for UK landlords](#)”, City AM, 5 November 2024

⁶⁷ “[Landlords sprint to exchange contracts](#)”, The Times [via Factiva], 31 October 2024

⁶⁸ “[Reeves missed her chance to bet on growth](#)”, The Times [via Factiva], 31 October 2024

This view is consistent with what Paul Johnson, director of the IFS, has said about SDLT, including in articles he wrote for the Times in the past.⁶⁹ In his response to the Autumn Budget, Mr Johnson argued SDLT was “among the most economically damaging of all our taxes, and yet we have it increasing again.”⁷⁰ He added that increasing HRAD would result in a decrease in rental properties, and a consequent increase in rental prices.⁷¹ A report from the Tony Blair Foundation, published ahead of the Budget, also concurred with this assessment.⁷²

Section 6 of this briefing has more analysis on commentary and criticism of SDLT and other property transaction taxes.

Reaction to the upcoming end of the temporary relief

Members argued the end of the temporary relief would negatively affect first-time buyers.⁷³ The Chancellor did not make a specific announcement on this policy, as the rates were already temporary under the [Stamp Duty Land Tax \(Temporary Relief\) Act 2023](#). In a research briefing published in September 2024, the Resolution Foundation think tank had argued that the temporary relief should not end, “both to avoid a tax-deadline drama and to boost residential mobility.”⁷⁴

Writing in City AM by Ben Thompson, deputy chief executive at the Mortgage Advice Bureau, criticised the decision not to extend the temporary relief:

Not extending the current uplifted threshold for stamp duty leaves the Chancellor at risk of all the good work done over the last year. People will simply choose not to move, continue to be stuck renting with all the uncertainty that that brings.⁷⁵

Members continued to raise this issue as the ending of the temporary relief approached. For example, Liz Jarvis (Liberal Democrat) asked in February 2025 whether first-time buyers who had “sign[ed] a memorandum of sale before 31 March 2025” would remain eligible for the temporary relief.⁷⁶

⁶⁹ For example, “[It’s time to stamp on a tax that penalises landlords and renters](#)”, The Times [via Institute for Fiscal Studies], 22 January 2024

⁷⁰ IFS, [Autumn Budget 2024: initial IFS response](#), 30 October 2024

⁷¹ As above

⁷² Tony Blair Institute for Global Change, [Looking Beyond UK Budget 2024: Priority Reforms for 2025](#), 23 October 2024

⁷³ For example, HC Deb 30 October 2024, [c829](#); HC Deb 31 October 2024, [c984](#) and [c994](#); HC Deb 4 November 2024, [c96](#), [c103](#); HC Deb 6 November 2024, [c375](#); [c333](#)

⁷⁴ Resolution Foundation, [Revenue and reform: What tax changes could – and should – we see in Autumn Budget 2024?](#) (PDF), September 2024

⁷⁵ “[Stamp duty on second homes set to increase](#)”, City AM [via Factiva], 31 October 2024; see also “[Stamp duty changes will leave homeowners frustrated](#)”, The Independent [via Factiva], 31 October 2024

⁷⁶ PQ 29993 [on [Stamp Duty Land Tax: First Time Buyers](#)], 17 February 2025. See also, PQ HL3798 [on [Stamp Duties: First Time Buyers](#)], 22 January 2025; PQ 24777 [on [First Time Buyers: West Dorset](#)], 27 January 2025; PQ 24779 [on [Stamp Duty Land Tax: Rural Areas](#)], 27 January 2025; PQ 38297 [on [Stamp Duty Land Tax](#)], 19 March 2025; and PQ 42010 [on [Stamp Duty Land Tax: First Time Buyers](#)], 1 April 2025

Answering, Exchequer Secretary to the Treasury James Murray said SDLT would become payable “at the point at which they complete their property purchase.”⁷⁷

⁷⁷ PQ 29993 [on [Stamp Duty Land Tax: First Time Buyers](#)], 17 February 2025

3 Scotland: The Land and Buildings Transaction Tax

The land and buildings transaction tax (LBTT) replaced stamp duty land tax in Scotland from 1 April 2015.⁷⁸

The current rates of LBTT on residential property are set out in the table below.

LBTT on residential property From 1 April 2021	
Portion of property price	LBTT rate
First £145,000	0%
£145,001 to £250,000	2%
£250,001 to £325,000	5%
£325,001 to £750,000	10%
Over £750,000	12%

Source: Revenue Scotland, [Land and Buildings Transaction Tax](#), accessed 3 April 2025

3.1 First time buyers' relief (FTBR)

LBTT applies a FTBR in the same way as SDLT in England and Northern Ireland. The FTBR increases the nil-rate band for first-time buyers to £175,000 instead of £145,000.⁷⁹

3.2 The additional dwelling supplement

LBTT applies an additional dwelling supplement (ADS) on top of standard LBTT rates if someone is purchasing an additional residential property. The additional dwellings supplement also does not apply if someone is replacing

⁷⁸ Revenue Scotland, [Land and Buildings Transaction Tax](#), accessed 3 April 2025

⁷⁹ As above

their main residence.⁸⁰ People have to have sold their previous main home up to 18 months after purchasing their new main home, in order for the rebate to apply, whereas people in England and Northern Ireland can apply for a rebate on the HRAD if they sell their previous main residence within three years.⁸¹

The ADS is a single surcharge, a percentage of the purchase price of the property. From 5 December 2024, the ADS rate is 8% of the purchase price.⁸² Previously, it was set at 6%. This contrasts with the HRAD in England and Northern Ireland, which is set at 5% of the property price (3% before 31 October 2024).

3.3 The non-resident surcharge

LBTT does not include a non-resident surcharge in the way that SDLT does.

3.4 Development of LBTT

Since its implementation, LBTT rates have remained at the same level, with the exception of the period between 15 July 2020 and 31 March 2021, where the NRB was increased from £145,000 to £250,000. The comparison is shown in the table below.

Development of LBTT rates				
Since 1 April 2015				
Portion of property price	LBTT rates			
	1 April 2015 to 14 July 2020	15 July 2020 to 31 March 2021	From 1 April 2021	
First £145,000	0%	0%	0%	
£145,001 to £250,000	2%	0%	2%	
£250,001 to £325,000	5%	5%	5%	
£325,001 to £750,000	10%	10%	10%	
Over £750,000	12%	12%	12%	

Source: Revenue Scotland, [Residential Property](#), accessed 3 April 2025

The increase of the NRB for that period mirrored the announcement by then Chancellor Rishi Sunak with respect to SDLT. The increase in the NRB was

⁸⁰ Revenue Scotland, [The Additional Dwelling Supplement \(ADS\)](#), accessed 3 April 2025

⁸¹ Revenue Scotland, [The Additional Dwelling Supplement \(ADS\)](#), accessed 3 April 2025

⁸² Revenue Scotland, [The Additional Dwelling Supplement \(ADS\)](#), accessed 3 April 2025

implemented to support the rebound of the housing market during the Covid-19 pandemic.⁸³

Unlike the UK Government, the Scottish Government did not increase the nil rate band for first time buyers. The Revenue Scotland website says that “First-time Buyer Relief would therefore have had no practical effect during the temporary period in which the £250,000 nil rate band threshold was in place”.⁸⁴ Announcing the changes to LBTT to the Scottish Parliament on 9 July 2020, then Finance Minister Kate Forbes admitted that the blanket changes made to LBTT “might not help first-time buyers”.⁸⁵ She then detailed other sources of support for first-time buyers, separate from LBTT, particularly the addition of £50 million to the Scottish Government’s first home fund.⁸⁶

When Rishi Sunak announced an extension to the temporary SDLT relief in March 2021, the Scottish Government maintained its position that the LBTT relief would conclude at the end of March 2021. Then First Minister Nicola Sturgeon defended this position during First Minister’s Questions on 11 March 2021. Pauline McNeill (Labour) asked why the Scottish Government had chosen not to extend the LBTT relief. Nicola Sturgeon replied that the Scottish Government had not seen the blockages in the housing market that had been observed in England, and that the decision was taken to support the specific circumstances of the Scottish housing market.⁸⁷

In its Budget on 15 December 2022, the Scottish Government announced that the additional dwelling supplement rate would increase from 4% to 6%, effective from 16 December 2022.⁸⁸

In a meeting of the Finance and Public Administration Committee on 17 January 2023, Tom Arthur said that the increase of the supplement to 6% aimed to “protect opportunities for first-time buyers and home movers by further helping them to compete with buy-to-let investors and second-home owners”.⁸⁹

In its 2024 Budget, the Scottish Government increased the ADS rate from 6% to 8%.⁹⁰ In its analysis of the Scottish Budget in February 2025, the Institute for Fiscal Studies (IFS) was critical of this, arguing that it would penalise the rental sector and transactions within it.⁹¹

⁸³ SP OR [9 July 2020](#), cc34-53

⁸⁴ Revenue Scotland, [Land and Buildings Transaction Tax – Residential property](#), GOV.SCOT, accessed on 18 November 2024

⁸⁵ SP OR [9 July 2020](#), c38

⁸⁶ As above

⁸⁷ SP OR [11 March 2021](#), c18

⁸⁸ Scottish Government, [Scottish Budget: 2023-24](#), 15 December 2022. See also, [The Land and Buildings Transaction Tax \(additional amount: transactions relating to second homes etc.\) \(Scotland\) Amendment Order 2022, SSI 2022/375](#)

⁸⁹ SP OR SL [17 January 2023](#), cc1-2

⁹⁰ Scottish Government, [Scottish Budget 2025 to 2026](#), 4 December 2024

⁹¹ IFS, [Assessing Scottish tax strategy and policy](#) (PDF), 6 February 2025

4 Wales: The Land Transaction Tax

The Land Transaction Tax (LTT) replaced Stamp Duty Land Tax in Wales on 1 April 2018. The current LTT rates are shown in the table below.

LTT on residential property	
From 10 October 2022	
Portion of property price	LTT rate
First £225,000	0%
£225,001 to £400,000	6%
£400,001 to £750,000	7.5%
£750,001 to £1,500,000	10%
Over £1,500,000	12%

Source: Welsh Government, [Land Transaction Tax rates and bands](#), 10 December 2024

4.1 First Time Buyers' Relief

There is no relief available to first-time buyers in Wales.⁹²

4.2 The higher residential rates

Higher residential rates apply for purchases of additional dwellings, in a similar way to SDLT in England and Northern Ireland and the Land and Buildings Transaction Tax in Scotland.

Unlike Stamp Duty Land Tax and Land and Buildings Transaction Tax, LTT has a different schedule of thresholds for transactions liable for the higher rate. The rates are shown below.

⁹² Welsh Government, [Land Transaction Tax](#), GOV.WALES, updated 3 July 2023 (accessed on 18 November 2024)

LTT on residential property

Higher residential rates, from 11 December 2024

Portion of property price	LTT rate
First £180,000	5%
£180,001 to £250,000	8.5%
£250,001 to £400,000	10%
£400,001 to £750,000	12.5%
£750,001 to £1,500,000	15%
Over £1,500,000	17%

Source: Welsh Government, [Land Transaction Tax rates and bands](#), 10 December 2024

The higher residential rates increased by 1 percentage point for each band on 11 December 2024.⁹³

4.3 The non-resident surcharge

There is no additional charge for non-residents in Wales.

4.4 Development of LTT

Both the main and additional residential rates have changed several times since the implementation of LTT in 2018. The table below shows the changes to the main residential rates and thresholds.

Development of LTT rates					
Since 1 April 2018					
Portion of property price	1 April 2018 to 26 July 2020	27 July 2020 to 30 June 2021	1 July 2021 to 9 October 2022	From 10 October 2022	
First £180,000	0%	0%	0%	0%	
£180,001 to £225,000	3.5%	0%	3.5%	0%	
£225,001 to £250,000	3.5%	0%	3.5%	6%	
£250,001 to £400,000	5%	5%	5%	6%	
£400,001 to £750,000	7.5%	7.5%	7.5%	7.5%	
£750,001 to £1,500,000	10%	10%	10%	10%	
Over £1,500,000	12%	12%	12%	12%	

Source: Welsh Government, [Land Transaction Tax rates and bands](#), 10 December 2024

⁹³ Welsh Government, [Land Transaction Tax rates and bands](#), 10 December 2024

Similarly to the UK and Scottish governments, the Welsh Government introduced a temporary LTT relief during the Covid-19 pandemic. However, the Welsh Government said that tax rates for transactions liable for higher rates (such as purchases of additional homes) would remain unchanged.⁹⁴

In September 2022, the Welsh Government announced that the main nil-rate band would be increased from £180,000 to £225,000 from 10 October 2022. A press release stated that this increase would ensure the threshold reflected the increase in house prices observed over the previous two years.⁹⁵ The press release added that the change was brought forward because of changes to SDLT announced in the previous week by then UK Chancellor Kwasi Kwarteng.⁹⁶ Speaking to a session of the Welsh Senedd about the measure, Rebecca Evans MS (then Welsh Minister for Finance and Local Government) said that “crucially, and unlike the UK Government, tax reductions were not provided to those liable to the higher residential rates of LTT”.⁹⁷

Previously, the higher rate of LTT was a 4% surcharge on the property price, working in the same way as SDLT and LBTT. However, when the main rates changed in 2022, the thresholds for the higher residential rates remained unchanged, creating a separate LTT schedule for the purchase of additional properties.

Proposals for local variations in LTT

In December 2021, the Welsh Government launched a consultation on a proposal to allow for LTT rates to be differentiated in certain local areas for second homes, short-term holiday lets, and other additional residential properties.⁹⁸ The consultation was launched to support the Welsh Government’s objective of ensuring that there was enough affordable housing in Wales. The consultation foreword states that this goal was threatened by high levels of second home and holiday let ownership in some areas.⁹⁹

The Welsh Government cited a report addressing policy development on second homes in Wales, authored by Dr Simon Brooks. Dr Brooks had recommended varying rates of LTT in local areas to reflect local circumstances:

⁹⁴ Welsh Government, [Changes to Land Transaction Tax nil rate threshold](#), 14 July 2020

⁹⁵ Welsh Government press release, [Homebuyers to benefit from new tax rules](#), 27 September 2022

⁹⁶ As above

⁹⁷ Plenary (8 November 2022), [The Land Transaction Tax \(Tax Bands and Tax Rates\) \(Wales\) \(Amendment\) Regulations 2022](#)

⁹⁸ Welsh Government, [Local variation to land transaction tax rates for second homes, short-term holiday lets and potentially other additional residential properties](#), 20 December 2021

⁹⁹ Welsh Government, [Local variation to land transaction tax rates for second homes, short-term holiday lets and potentially other additional residential properties](#), 20 December 2021 – the Welsh Government had also run two separate consultations surrounding additional dwellings, one addressing [local taxes for second homes and self-catering accommodation](#), and one on [planning legislation and policy for second homes and short-term holiday lets](#).

It should be possible to vary the higher rates of the land transaction tax in either counties or local government wards in order to reflect local circumstances. To achieve this:

- The Welsh Government could delegate to county councils a right to vary the higher rates of the land transaction tax, potentially adding a further rate to the tax up to 4% of the value of the second property in some parts of Wales.
- Or, the Welsh Government could vary the higher rates of the land transaction tax in this manner in specific local government wards heavily affected by the second homes problem.¹⁰⁰

The consultation summary of responses highlighted strong support for local variations in the higher rates of LTT in areas where there was an evident need to do so.¹⁰¹

The consultation closed in March 2022. On 4 July 2022, then First Minister Mark Drakeford and the leader of Plaid Cymru Adam Price set out the next steps in their strategy to tackle the issue of second homes affecting communities in Wales. Among other proposals, the leaders said that work would begin jointly with Welsh local authorities to develop a framework for authorities to request increased LTT rates on additional homes in their areas.¹⁰²

No further developments on this policy initiative have been published since.

¹⁰⁰ Welsh Government, [Local variation to land transaction tax rates for second homes, short-term holiday lets and potentially other additional residential properties](#), GOV.WALES, 20 December 2021

¹⁰¹ Welsh Government, [Consultation – summary of response: Land transaction tax and second homes](#) (PDF), GOV.WALES, 15 July 2022

¹⁰² Welsh Government press release, [New package of measures to address high numbers of second homes](#), 4 July 2022

5

Commentary on property transaction taxes

There has been substantial commentary, both within Parliament and from property and tax professionals, on the recent changes to Stamp Duty Land Tax, particularly pertaining to the altering of the thresholds in July 2020 and in September 2022.

Relevant commentary on specific policy initiatives can be found in the following Library briefings:

- Chapter 6 of the Library briefing on [Stamp Duty Land Tax on residential property: Government policy up to 2021](#) looks at commentary surrounding Rishi Sunak's SDLT relief announced on 8 July 2020.¹⁰³
- Chapter 7 of the same briefing analyses the commentary on the extension of the relief to June 2021, and its tapering back to regular levels to September 2021.¹⁰⁴
- Chapter 6 of the Library briefing on the [Stamp Duty Land Tax \(Temporary Relief\) Act 2023](#) analyses the commentary on the increased nil-rate band and first-time buyers relief announced by Kwasi Kwarteng in September 2022, and Jeremy Hunt's decision in November 2022 to make these changes temporary.¹⁰⁵

Commentary from Parliamentarians and experts on previous changes to SDLT is also included in the Library briefing on [Stamp Duty Land Tax on residential property: Government policy up to 2021](#).¹⁰⁶

Most commentary on this focuses on SDLT but is somewhat relevant to Land Transaction Tax and Land and Buildings Transaction Tax as well, given that the three taxes are similar in their design and application.

Aside from commentary surrounding recent changes to the tax, property and tax professionals have also criticised the structure of SDLT as a whole.

¹⁰³ Commons Library Briefing CBP-7050, [Stamp duty land tax on residential property: Government policy up to 2021](#)

¹⁰⁴ As above

¹⁰⁵ Commons Library Briefing CBP-9698, [Stamp Duty Land Tax \(Temporary Relief\) Act 2023](#)

¹⁰⁶ Commons Library Briefing CBP-7050, [Stamp duty land tax on residential property: Government policy up to 2021](#)

5.1

Proposals to reform SDLT

Debates in the House of Commons

The last time the issue of reforming SDLT was substantially raised in Parliament was in May 2023, when Simon Fell (Conservative) led a Westminster Hall debate on alternatives to council tax and SDLT.¹⁰⁷ He argued that both taxes were ineffective, leading to societal suffering.¹⁰⁸ At the end of the debate, then Economic Secretary to the Treasury Andrew Griffith said that SDLT was efficient to collect and administer, raising a significant amount of money for public services.¹⁰⁹

In January 2018, when the tax was the subject of a Westminster Hall debate.¹¹⁰ Introducing the debate, John Stevenson (Conservative) argued that SDLT should be paid by the seller, rather than the buyer. Then Treasury Minister Mel Stride said that, since the cost of SDLT was reflected in the value of the property, it would have a limited effect in terms of the overall cost. Additionally, Mel Stride added that there would be a concern for people wishing to downsize if they were to pay SDLT on the house they were selling.¹¹¹

In January 2023, Sir Christopher Chope (Conservative) said in the House of Commons that SDLT was “arbitrary, clunky and unfair in how it applies in different parts of the country”.¹¹² This is a criticism that has often been levelled against SDLT. This criticism was reiterated in June 2023 during a debate in the Commons chamber on new housing supply. Ben Everitt (Conservative) said that SDLT was a “tax on social mobility”, and that it was causing issues in mobility in sectors needed to drive economic activity.¹¹³ Craig Mackinlay (Conservative) proposed a “downsizing relief” for SDLT.¹¹⁴

Leading the debate, Sir David Davis (Conservative) argued that the housing taxation regime, including SDLT, should be used to support people looking to buy their homes.¹¹⁵

The Mirrlees Review

A review of the UK tax system (the Mirrlees Review), chaired by Sir James Mirrlees for the Institute of Fiscal Studies, advocated in 2011 that SDLT should be replaced with a different tax. Because it is a ‘transaction tax’ (a tax on a sale) it was seen as inefficient as it discouraged “mutually beneficial

¹⁰⁷ HC Deb [17 May 2023](#), c428WH

¹⁰⁸ As above

¹⁰⁹ [As above](#), c441WH

¹¹⁰ HC Deb [23 January 2018](#), c102WH

¹¹¹ As above

¹¹² HC Deb [10 January 2023](#), c473

¹¹³ HC Deb [5 June 2023](#), cc640-641

¹¹⁴ As above, c641

¹¹⁵ As above, c630

transactions”.¹¹⁶ Therefore, SDLT was seen as an obstruction to a property being held by those who would value it the most. The review argued that since SDLT discourages people to move, it can cause inflexibility in the labour market. Additionally, the review said that SDLT taxed housing more according to how many times a house was sold during its lifetime. They argued that “there is no good economic argument for taxing more-frequently-traded housing more”.¹¹⁷

Although the Mirrlees Review was published in 2011, prior to some major reforms to the structure of the tax that began in 2014, a lot of the arguments made continue to be made. At the time, a property tax expert at Pinsent Masons, Jennie Newton, said that although it was unlikely that SDLT would be abolished in the foreseeable future, “few would disagree with the review’s conclusion that stamp duty land tax is a mess”.¹¹⁸

Institute for Fiscal Studies

Paul Johnson, the director of the economics research organisation the Institute for Fiscal Studies (IFS), reiterated these arguments in 2016. He said that a key principle of the economics of taxation is that transaction taxes should be avoided. The Family Building Society in 2017 said that many people were living in houses that may be unsuitable to their needs, because it would cost them more to downsize than to stay in their current dwelling.¹¹⁹ Paul Johnson posed this argument again in a piece in the Times in January 2023, where he argued that SDLT was possibly “the most damaging and pernicious” tax levied in the UK.¹²⁰

Paul Johnson also cited research by Michael Best and Henrik Kleven, who argued that reducing a transactions tax by 1% could increase housing transactions by as much as 10%. He commented that this could signal that even low rates of SDLT could prove damaging to the housing market.¹²¹

Treasury Committee

Economic impact of coronavirus inquiry

Throughout the Covid-19 pandemic, the Treasury Committee held numerous evidence sessions on the economic impact of the pandemic. SDLT was brought up several times in these hearings. SDLT was especially discussed in a session on 8 July 2020, the day the then Chancellor announced the SDLT temporary reduction. Economics professor Hamish Low said that most

¹¹⁶ Institute of Fiscal Studies (IFS), [Mirrlees Review](#), 13 September 2011

¹¹⁷ Institute of Fiscal Studies (IFS), [Mirrlees Review](#), 13 September 2011

¹¹⁸ “[Mirrlees Review recommends "radical" tax reform](#)”, Pinsent Masons [Online], 14 September 2011

¹¹⁹ LSE, [Stamp Duty Land Tax is suffocating the housing market](#), 11 November 2017

¹²⁰ “[Stamping on stamp duty would free empty nesters to fly their coops](#)”, The Times [Online], 16 January 2023

¹²¹ As above

economists would agree that stamp duty should be eliminated. When questioned about why SDLT was viewed as a “bad tax”, Professor Low replied:

Because it restricts people’s ability to move. If you are a homeowner in one bit of the country and you have a job offer in a different bit of the country, you are basically putting a transaction cost on making that adjustment. [...] You are restricting people’s ability to adjust their consumption or living patterns. That is a major limitation on labour mobility.¹²²

Lord Macpherson (a former Permanent Secretary at HM Treasury) concurred, saying it was a “terrible tax”.¹²³ He added that the problem was magnified by the fact that SDLT rates had increased significantly over recent years, and that he thought reforming the tax had been a missed opportunity.

In July 2020, the Treasury Committee asked Rishi Sunak (then the Chancellor) about the government’s decision to implement a SDLT temporary reduction. Felicity Buchan (Conservative) asked whether an opportunity had been missed to conduct a thorough review of the tax. The then Chancellor said that the government was not trying to reform the tax system, but rather to stimulate the housing market. He added that it was correct that most countries taxed property on an ongoing basis, whereas the UK taxed transactions. Dan York-Smith (Director of Strategy for Planning and Budget at HM Treasury) added that most countries had a transaction tax as well as a current property tax, similar to council tax.¹²⁴

Budget 2021 inquiry

In a separate Treasury Committee inquiry into the 2021 Budget, similar thoughts were shared by several experts. Julian Jessop, an economist, agreed that he would want to see SDLT abolished, and potentially replaced with an annual property tax, to be merged with council tax.¹²⁵ He added that stamp duty needed a longer-term reform. Torsten Bell, formerly the head of the think tank Resolution Foundation (now a Labour MP) agreed, saying that an annual tax based on property values should replace SDLT as well as council tax. Paul Johnson also agreed with these proposals, saying it would create a better situation both from an economic and equity standpoint.¹²⁶

In its written evidence to the Treasury Committee’s inquiry, the Association of Accounting Technicians (AAT) suggested to change the SDLT liability from buyer to seller, similarly to what John Stevenson had raised in the 2018 Westminster Hall Debate. Although the AAT did not directly call for SDLT to be abolished, it said that SDLT could act as a barrier to housing mobility. It then advocated for the liability change to the seller as a “less drastic alternative” to scrapping the tax.¹²⁷

¹²² Treasury Committee, [Economic impact of coronavirus](#), 8 July 2020, HC 271 2019-21, Q821

¹²³ As above

¹²⁴ Treasury Committee, [Economic Impact of Coronavirus](#), 15 July 2020, HC 271 2019-21, Qq869-870

¹²⁵ Treasury Committee, [Budget 2021](#), 3 February 2021, HC 1196 2019-21, Q55

¹²⁶ As above

¹²⁷ Treasury Committee, [Budget 2021](#), 21 April 2021, HC 1196 2019-21, Ev BGT0003

Tax after coronavirus inquiry

The Treasury Committee mentioned SDLT in its ‘Tax after coronavirus’ report, published in February 2021. After summarising evidence from economists and tax experts as part of its inquiry, it concluded by recommending that:

[...] The Government should treat stamp duty land tax as a priority for reform and should set the tax at a level that optimises revenue while encouraging home ownership. Any review should take into account the impact of any UK changes on equivalent devolved taxes.¹²⁸

5.2 The Conservative government’s position on SDLT

The previous government’s position on SDLT is best summarised by its response to the Treasury Committee’s inquiry on tax after coronavirus (published on 2 June 2021).¹²⁹ The Government responded to the committee saying that:

- Changes introduced by the Coalition Government had cut SDLT for 98 per cent of SDLT payers, unless they were purchasing additional property. This reform had increased fairness and efficiency within the tax.
- Because of the nil-rate band threshold, a significant number of house transactions are not liable for SDLT. Additionally, 540,000 transactions have benefitted from First Time Buyers’ Relief since its introduction in 2017.
- SDLT is a simple tax to collect and administer, and its revenue supports the delivery of essential government services. Permanent cuts or a total removal of SDLT would represent a significant cost to the Government. Additionally, potential impacts on the housing market would have to be taken into account as well.¹³⁰

5.3 The Labour government’s position on SDLT

Since taking office in July 2024, the Labour government has not expressed intentions to reform the overall structure of SDLT, beyond the changes to the higher rate on additional dwellings announced at the 2024 Autumn Budget (see section 3.6).

¹²⁸ Treasury Committee, [Tax after coronavirus](#), 1 March 2021, HC 664 2019-21, para 200

¹²⁹ Treasury Committee, [Tax after coronavirus: the Government’s response](#), 2 June 2021, HC 144 2021-22

¹³⁰ As above

On 21 November 2024 we corrected the title and text of section 6.2 to reflect this is not the view of the government, but that of the previous Conservative government.

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